

1934 . s
(9 . S) ,

File No. 36-34

Serial Nos. ~~1-11-12-13~~

Previous References

J.S 14-31 (2-5)
" 12-33 (1-4)
" 14-33 28-33

Letter References.

" 9-30 (13,14)
" 13-30 (1-12)
" 14-31 (6-9)
" 12-32 (1-4)

J.S. 3-31-19, 22-30 & 34

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+ 13
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GENERAL AND REVENUE SECRETARIAT.

36-34 (15H6)

38-36 (1-2)

elsewhere

Serial Nos. ~~Eight~~

Def 37, 321-38
J.S 9-38 (9, 10, 12, 18, 19, 25, 27, 29, 30, 33-51)
Part B for Jan 37

SUBJECT.

Investigation of the affairs of the Reliance Assurance
Co.

4339-40 818.1.37

or Reg. of Companies
Company to go
Copy to be of

WD 0418-GPB-22,500-29-8-36

Transactions The appointment of Mr. H. V.
Venkata Ramayengar Acting Asst
Comptroller an Insp under Secy to Govt

GENERAL AND REVENUE SECRETARIAT.

(Now)

NOTES.

J.S. File No. 36.

FILE HEADING.

Investigation of the affairs of
the Reliance Assurance Co.

FROM

The Registrar of J.S. Cos

No. C 344/34-35 Dated 10th May 1935 Received 13/5/35

Diary No. 5215 }	Enclos. 7	Spare copies	{ Serial No. 1
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BRIEF ABSTRACT OF LETTER

Forwards a report on the affairs of the Company and requests that an investigation may be ordered to be done by an Inspector who may be appointed for the purpose.

NOTES AND ORDERS.

The ^{Reg's} letter and the records received with it do not make it clear that how the Mutual Benefit Scheme which appears to have been started recently and given up again after about 3 years, was permitted to be started in connection with the Company. The Registrar's notes of inspection of the Company in Nov. 1934 and subsequent correspondence

clamping thereto have not been sent.
in the absence of the abovementioned
and the Memorandum & Articles of Association
as well as the Balance Sheets of the
previous years, it is not possible
to clearly estimate the present
situation of the Bank which in the
Registrar's opinion would appear to
justify an investigation. It is
therefore proposed to call for the
connected records of the case and
then after perusal of the same proceed
to take further action in the matter.
Inltd with a draft for orders

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24/5/35

2 Issue

24/5/35

From the Regr of J.S. Coe

No 344/34-35 of 26.1.35

Forwarded the records called for
and with his further remarks in the
matter.

3 From a perusal of the
Memorandum & Articles of Association
of the Company, it is seen that
the Company filed them on 4.6.1928
which date it may be said to have been
incorporated. The Memorandum of
Association of the Company gives a
very elaborate idea of the kind of
work that the Company may undertake.



4 The Co. commenced its work with a Life Assurance Business, which does not appear to have succeeded well. The following table gives an idea of the work turned out: - (The figures were taken from the nine reports).

Year.	no. of Policies Completed	Sum assured	annual premium	Sum reassured	annual premium
-	-	Rs	Rs	Rs	Rs.
1925	104	178500	10502	9000	460.
1926	66	81500	4327	-	-
1927	41	49000	2913	-	-
1928	53	67500	3613	-	-
1929	24	23000	1371	-	-
1930	1	2000	62	-	-
1931	-	-	-	-	-
1932	-	-	-	-	-
1933	12	10500	732	-	-

5 The following figures will also give an idea of the ~~insurance~~ business: -

Business in force at the end of each year:-

Year	no. of Policies in force at end of year	Sum assured in force at the end of the year
-	-	Rs.
1925	unknown	1,68,500
1926	"	1,32,500.
1927	"	1,22,500
1928	122	1,57,000
1929	98	1,23,000
1930	63	81,500
1931	58	57,153
1932	75	83,653
1933	66	55,019.

b/ This business has dwindled. The claims paid so far is as follows:-

	Rs
1927 -	1000.
1929 -	1000.
1931 -	1000.
1932 -	1000.

c/ The expenditure has ~~not~~ been very heavy compared with the income. In 1925, and 1926 & 1929 the expenditure ~~was~~ ^{the expenditure} ~~was~~ more than the income, the years 1926 & 1927 showing some slight profit. But after the introduction of the M.B. Scheme, in 1930 the income is always shown as more than the expenditure, by the expediency of charging less for Salaries & Allowances of Managing Agents.

d/ The Mutual Benefit Scheme was introduced on 30.7.1930, and its aim was "to promote the Business of the Company." The Managing Agents, ~~Report~~ That this Scheme helped the ^{original} ~~business~~ business of the Company to a considerable extent is clear from the Reports for 1930, 1931 and 1932, since during these years, although no new life assurance business was done, substantial excess of income over expenditure is shown both in the Regular Assurance Business and in the Subsidiary Scheme. These years also saw the (1.) the wiping off of the advances which were standing against the Managing Agents from the beginning, and for which they ~~are~~ ^{are} stated to have been paying interest. 2) The formation of a Reserve Fund,

Vide Report 7/49

(K) (B)

(C)

Vide Report (K)

3) the formation of a working fund,
and 4) the building up of a substantial
Life Assurance fund.

9 In regard to the last named fund in
particular, - which started with Rs 1316 in
1931, and amounted to Rs 17,981 on 31-12-1933,
it may be pertinent to ask ^{how} such large profits
were obtained from the Regular Insurance business
as to enable the creation of such a large amount
~~as a~~ as L.A. fund. On p. 7 of the Report
for 1933, it is stated ~~that~~ all the signatures
of the Managing Agents, the Accountant and
^{one of 4} 3 Directors that no part of any fund has been
applied directly or indirectly for any purpose
other than the class of business to which it
is applicable. This certificate is usually
seen over the signatures of the Auditor of the
Company. But in view of the fact that there
were scarcely any funds in the L.A. Dept
for building up a Reserve of this kind, until
the M.B. Scheme came to the rescue, it
is for consideration if the Certificate
referred to above is correct. At any rate
^{of the accounts} an investigation will prove ~~the~~ truth or otherwise
of the matter.

10 The Report states that the introduction
of the Mutual Benefit Scheme brought in "lakhs
of rupees". But - "after careful study
and expert advice", it was given up and

Under Ref. (C) & (M)

This does not seem to
be correct. After
the M.B. Scheme was
started, the expenses
of establishment were
met out of the profits
of that Scheme & consequently
the premiums realised
all went to the L.A.
Dept.

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h. 3 of P. d. I

NOTE-Contn. Sheet.

h. 3 Flag C

a new Industrial Department was started in its place. The starting of the new business involved an outlay of Rs 25000 as deposit of funds with the Controller of Currency. This is shown as an asset of the Higher Life Assurance Dept.

h. 7 of Flay M

11/ The Registrar seems to feel that the system of managing agents getting themselves appointed to carry on the business of a Company, is the cause of the present trouble. The firm of managing agents is also represented in the Directorate by ~~two~~ its principals, Messrs Thirupathi and Balija, the former being ex-officio Director. They are thus virtually the Company, since the Board of Directors now consists of only 4 members of whom two are the Managing Agents' representatives. The Managing Agents are subject to the terms of agreement made by them with the Company, and which terms are appended to the Articles of Association as Schedule A. According to this Contract the Managing Agents may remain in control of the affairs for 20 long years, since the Shareholders' control over them through their elected Directors will be practically nil.

h. 3 of p. u. d. B
(para 6)

Vide p. 1 of Flay M

12/ Though the Company was incorporated on 4.6.1923, the business of the Co was started after the Statutory meeting held in Nov. 1924. Sec 101(4) of the Regula

This is not based
on facts - Prospectus
were filed on 16.6.23.
The Co. went into allotment
within 120 days from this date;
On 4 June 1924 permission
to commence business was
given & consequently the
statutory meeting held
in Nov 1924 was in
time
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* Sec 77(1) p. 37.

hel. (2)

lays down that allotment of shares should be
made within 120 days from the date of the
issue of the Prospectus, (which again must
have issued simultaneously with the incorporation
of the Company. But it does not appear
that the subscription of the minimum
number of shares prescribed (500 in this case)
was completed, or the shares allotted
before Nov 1924. If the shares were not
fully subscribed within ^{the} 120 days prescribed
the Directors were bound to return the
amounts to the parties who paid them.
Perhaps the investors were not sufficiently
attracted by the Prospectus, so that the
"Statutory meeting" prescribed by law which
should have been held within six months
from the date at which it was entitled to
commence business, did not take place
till the end of November 1924. The Company
ought to have commenced business in
October 1923, and the statutory meeting
ought to have been held before the end
of April 1924. It is not known how the
Registrar of Joint Stock Companies permitted
the breach of the provisions of law even
in the early days of the Company.

13 It will be observed from the statement
given on the next page, that the holding of
the Annual General meetings prescribed by

law, was not also regular: —

Date of Commencement of Business 4.6.1924^x

(No annual meeting held in 1925)

1st Meeting presenting Report for 19 months held on 13.2.1926

2nd " " " " 31.12.26 " 29.4.1927

3rd " " " " 31.12.27 " 15.7.1928

4th " " " " 31.12.28 " 17.8.1929

5th " " " " 31.12.29 " 14.11.1930

6th " " " " 31.12.30 " 29.12.1931

7th " " " " 31.12.31 " 31.7.1932

8th " " " " 31.12.32 " 29.7.1933

9th " " " " 31.12.33 " 25.8.1934

14/ It is seen that although the 1st meeting was not held in the manner laid down, the holding of a meeting once a year but within 15 months of the holding of the last preceding General meeting has been carefully followed:— No use is made of the preliminary irregularity in the Inspection Report of the Registrar (vide answers given under Sec 76

15/ The Registrar has commented upon the peculiar attitude of the managing Agents in regard to the collection of unpaid call amounts from the Share Capital. The authorized Capital of the Co. is Rs 5 lakhs, and the issued Capital Rs 2 lakhs, Capital subscribed Rs ~~53,300~~ 53,300. The amount called up is Rs 266.50. Out of the last sum unpaid calls amounted to

Sec 76(1) p. 32

~~Sec 76~~

Sec. 131 h. 70.
and.

Art 45, 46 under

Table A p. 136.

para 5 of p.u.d.I
(page 2)

Rs 4875 at the end of the first 19 months, and during nine years a sum of Rs 500 appears to have been collected. The remaining sum of Rs 4375 which is still shown as areas of allotment money, is stated by the Registrar to be unrecoverable, and he holds the Managing Agents responsible for this being neglect ~~despite their~~ and calls attention to the various explanations furnished ~~therefor~~ by them to justify their negligence, and points out how it is in variance with their action in enforcing forfeiture of policies of members.

16 Again, the Managing Agent who have been regularly receiving their allowances, are ~~found~~ to have borrowed money from Capital - and this is shown as 'advance' against them from the years 1925-1930.

Year	Rs.
1925	2940
1926	3120
1927	3054
1928	3093
1930	3056.

~~See also page 17,~~

The Auditor has drawn the attention of the shareholders to this

Accounts owing by the Managing Agents in successive reports, ^{up to 1930,} ~~and has~~ when it was completely paid up.

p. 3 Page K.

17/ Comparing the turn over of the A. business, the remuneration and allowances drawn by the Managing Agents appear to be excessive, but the agreement is in this respect defective.

18/ On the question of the forfeiture of policies of the members of the Mutual Benefit Scheme, the Registrar has not been convinced by the explanation of the Company: The fact that no notices were issued helped the Company to gain by lapses, and this is clearly unsatisfactory. The fall in the "monthly Meeting" or "calls" also disappointed the claimants whose expectations in accordance with the prospectus were ~~being~~ not fulfilled. In both the cases cited by the Regr., (J.S File No 12-33) and (J.S. file No 20-33), the claim for ^{back} 1000/- was proposed to be met by the payment of Rs 200/- and Rs 158-11-0 respectively, all because the Company failed to issue notices of calls and notified the Scheme.

How the Company could modify the practice without ~~modifying~~ ^{changing} the rule is not clear. In the copy of the Prospectus sent by the Registrar, which appears to be the latest, the rule (No 8) regarding calls lays down that the notice of calls would be made by post. This is probably the original rule as made by the Company. But at page 13 of the same prospectus appears some additional notice, which, in practice, tends to modify the rule by saying that 'monthly' calls require no notice. This is probably the modification of the Scheme made in consultation with the Secretary and referred to in the report. Evidently, no attempt was made to amend the rule, ~~since a proposal to~~ ^{avoid expenditure} - This probably would have meant ^{which means the trifling} from filing changes with the Regr of J.S., but the Company seems to have thought they would be called upon to deposit a very large sum with it, so as to ensure the safety of ^{the} members, since the scheme as modified would partake of the nature of a provident fund. It does not therefore appear that the Company feared the expenditure ^{establishment, maintenance and} on postage for issuing monthly calls, as ~~it is~~ explained in 'Notes'.

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Secretariat

19/ The Balance Sheet which contains such ~~as~~ items as could be changed year after year cannot be strictly correct balance sheets. Such items as "Expenses of Commission provided in previous years, now reversed" and "Deduction for premiums on lapsed policies wrongly taken credit for in 1932" show that the previous year's amounts were not conclusive or fixed and therefore the Auditor's Certificate that each year's balance sheet exhibits a true and correct view of the Company's affairs "would be open to question. In the Balance Sheet of 1932 (The Eighth Report), the figures given therein are or ought to be conclusive and fixed (vide Art. 181 of the Articles of Association, page 50), and can only be corrected within 3 months next after the approval of the same, if any errors are meanwhile discovered. But, on turning to the next Report and Balance Sheet, issued after 10 months, it is seen that a deduction item of Rs 6543 is given from the Life Assurance Fund of Rs 11,046.8-2 of the previous year. This is the explanation for wrong credits taken in 1932." The method of accounting.

This is incorrect. On account of such circumstances, a balance sheet cannot in law be called incorrect. Such adjustments and reversals are common in all companies and are allowed.

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[App. F. III-2]

of premium income in the revenue accounts of previous years establishes the fact that only amounts actually realized were being taken into account. Nor has there been any precedent for the deduction of premiums on lapsed policies. If a policy lapses, the premium thereon, if any, which may be subsequently realized ought to come into account along with actual realizations of the current year, probably after being kept in suspense until the date of its revival. To take credit for premia not collected is an impossible thing to do. Since these peculiar methods of accounting have been employed in this Balance Sheet, it can only be concluded that the Balance Sheet ^{for 1932} is altogether wrong. The explanation given by the Managing Agents failed to convince the Registrar, and the Registrar has again referred to this at page 5 of the Inspection Report.

N.3 flg N

²² In the revenue account of the M.B. Scheme for 1932 it is shown that a sum of Rs. 2983-12 was transferred to a working fund created for the purpose. This amount probably represents some gains from lapsed policies.

Side Statement
"Capital & Liabilities"

and is also accounted for by an entry under Expenditure in the previous page Part in the Statement of under Capital and Liabilities for 1933, the addition made during the year is shown while no corresponding entry has been made under "Expenditure" in the preceding statement. The Registrar has been at pains to find out how or from what source this amount came to the Working Trust left the Company, but no explanation is forthcoming. This again proves that the Balance Sheet of 1932 must be wrong.

It may be noticed, in passing, that the Company which was issuing one Balance Sheet for the whole of its business till 1932 has changed the form of account in 1933, and has issued three separate Balance Sheets without furnishing any explanation for the departure. The Company might carry on different kinds of business, but only one balance sheet can be issued in which the accounts of the different departments are incorporated. How these different modes of account have been permitted by the Auditors is not also clear.

22. Regarding transfer of collections of the M.P. Scheme, there has been some irregularity. As laid down in ~~Rule~~ ^{Rule} 11 (B), the balance of amount available after distribution ought to go to a Reserve Fund. But on p. 4 of the Inspection Report it is stated that 10% of the calls prior to distribution and 80% of the call after the distribution were credited to the Reserve Fund. This is in respect of the accounts of 1933. In the account of 1932, no distinction has been made between calls prior to distribution and call after distribution.

23. In the Balance Sheet for 1932, a sum of Rs 26 856-5-6 is shown as "Other liabilities" - Commission, Directors' fees, Auditors' fees, rent &c outstanding. The sum together with the actual management expenses of 1933 (Rs 42377-7-6), has to be paid out ^{in 1933}. Total Rs 69 233-13-0.

By deducting the liabilities of Rs 8927-12-0 at the end of the year 1933, the amount that should have been paid out is Rs 60306-1. Out of this amount Rs 72 875-13-6 has been taken to the revenue income and shown under the peculiar head "Excess of Commission provided in previous years, now reversed".

It appears from a study of the Balance Sheet that but for this adventitious income of the large profit of Rs 9160-1-8 could not have materialised. It can only be concluded therefore that this profit is fictitious, made up out of a certain liability ~~once~~ ^{the balance sheet of} admitted ^{that} in 1932 and repudiated in 1933. It is no bonafide income, and therefore vitiates the balance sheet.

If the Company declared a dividend of 12% in 1932 on a profit of Rs 7887-3-3, and a dividend of 6% in 1933 on a profit of Rs 9160-1-3. Under Clause a₅ at page 7 of the memorandum, the Company is not permitted to declare more than 6% per annum upon the Capital called up and paid, before the first valuation of the Company's risks, ^{have} apart the profits of each year. To declare a dividend in ~~any~~ one year of 12% before the actuarial valuation ~~is therefore~~ ~~improper~~ ~~a~~ of the assets and liabilities of the Company, which does not appear to have taken place till 1933, is

I do not know
how this can be
a fictitious
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therefore improper and against the memorandum. As for the dividend declared in 1933, it appears to have been possible because of the fictitious revenue of Rs. 12,875-13-6 added to income as shown above.

It is also seen that while the dividend of 12% amounts to Rs. 2148, the bonus granted to the Staff at the same time amounted to Rs. 3875-5-0 or nearly 50% of the total profits. How the payment of such a large amount was justified is open to question.

In regard to the remuneration taken by the managing agents for working the new Mutual Benefit Scheme, it is doubtful if they are entitled to any additional remuneration, in view of their agreement with the Company to transact all business of the Company on certain terms. The Directors have however granted them extra remuneration and it does not appear that they have any power to do so.

Turning to the Inspection Report, the answer to the question under Sec. 108 (vide p. 3 of the Report) closes that 175 of 533 share Certificates have not been issued even after 9 years. The Managing Agents

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action in not being more prompt is liable to be questioned and misunderstood even if they have very sound reasons for the delay -

y. Remarks, Item 4. Dues from Messrs Vilakantam & Co.

It is noticed that the Registrar has remarked that steps have not been taken to recover the amount so far (i.e. perhaps upto the time of inspection). In the Balance Sheet, these debts are stated to be "Book Debt" and are perhaps subject to adjustment in the books. It is not therefore clear how the inspection report concludes that the amount has to be recovered from the Chief Agents.

20, Art 151 of the Articles of Association clearly lays down that the Actuary's valuation should take place at least at the end of 5 years from the commencement of business. Accordingly a valuation should have been made before June 1929, but there is nothing in the reports to show that any valuation was made earlier than 1933.

y. The Registrar holds that an investigation into the affairs of the Co. under Sec 138 of the Regulation is necessary in view of several irregularities brought to his notice and in view of the fact

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that the Balance Sheet discloses an unsatisfactory state of affairs within the meaning of Sec. 137(5), and in this view, is supported by an examination of the records of the case, as above.

Encl. for orders.

no 32 1977. The Registrar in para 7 of his letter states that "In these circumstances there is ground to hold that the balance sheet discloses an unsatisfactory state of affairs within the meaning of Sec 137(5)--- But the circumstances narrated in the previous paras of the letter have not been substantiated by facts & figures to prove conclusively how the balance sheet does not represent a correct position of the affairs as certified by the Auditors :

In para 5, the Registrar states that the two managing directors must be held responsible for the loss of Rs 4375 as they failed in their duty to take timely and prompt action. Even supposing they are guilty of omission & failing in their duty it is difficult to see how the fact vitiates the correctness of the balance sheet. From the Registrar's report it is not convincing in what respects the affairs are wrong.

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Unless the Registrar's report contains specific allegations supported by facts & figures, it may not be quite appropriate for Govt to order investigation under Sec 138 basing the order on clause (iv) of that section. - Sent for or desd
K.P. if the Law section maybe consulted.

20/7/35

23/ The Registrar appears to have made out a case for the appointment of an Inspector for investigating into the affairs of the Company - To make it appear in the Balance Sheet that a certain sum is in arrears, and that it is likely to be recovered in due course ~~where~~ the claim is admittedly barred by limitation and is irrecoverable is, to say the least, to make the Balance Sheet misleading if not false. This one thing is enough to justify the ordering of an investigation. But there are many other irregularities as well. The proposal of the Registrar to appoint an Inspector may therefore be approved and he may be asked to suggest the name of the officer whom he wishes to select for such appointment.

Secy Secy)

24/7/35

24/ The Law track may also be consulted

25/ Law Secy K.P.
W.C.

25-7-35

25/
Law
Law
K.P.

36 The various irregularities existing in the Co^y are explained in para 3-19 of the notes to a Considerable extent. The Reg^r in pointing out that the affairs of the Co^y are far from satisfactory, has attempted to show in para 5 of the P.W.D. misleading statements made in the balance sheet. Recently the Co^y has been convicted for an offence under sec 25 of the Mys. Co^ys Regulation. On the whole it is clear that the public are losing confidence in the Co^y business is not being conducted strictly according to the memorandum of articles of association. It seems therefore advisable to have the ^{affairs of the Co^y} ~~Co^y~~ investigated by an Inspector appointed under sec 138 of Mys. Co^ys Reg^r. This is a fit case in which Govt can appoint an Inspector under sec 138 (w).

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31/12

37 As a complaint received from Mr. K. Narayana Murthy of the Caxton Press on 19 Nov^r 1934, the Registrar inspected the offices of the Reliance Assurance Co. and then wrote to the Managing Agents on 12 Dec^r 1934 suggesting the desirability of having an inspection conducted under Secs 137 or 138 of the Companies Regulation. In their letter of 15th Dec^r 1934, the Managing Agents said that there was no ground whatever for action under ~~the~~ sections 137 or 138 and alleged that the whole complaint against them was engineered by one of their Past Agents.

lessee Neelkantan and Co.

26/ It is on 7th February 1935 that the Registrar proceeded under sec 137 and sent to the Managing Agents a requisition for information in respect to certain items in the Balance sheet of 31st Dec^r 1933.

This requisition was answered by the Company within the time prescribed, i.e. on 25 Feb^r 1935. The Registrar after considering this finds that the Balance sheet discloses an unsatisfactory state of affairs within the meaning of sec 137(5) and moves Govt to take action under sec 138 (iv) for appointment of an inspector to investigate the affairs of the Company.

By Reading sections 137 and 138 together, it is clear that jurisdiction under sec 138(4) can be exercised only if Govt agree with the Registrar's opinion that the document in question, viz the Balance sheet of 31st Dec^r 1933 "discloses an unsatisfactory state of affairs". Sec 138 (4) does not permit an ~~investigation~~ investigation being ordered on account of other irregularities that may now be discovered by going over the reports all the transactions of the Company from the time it came into

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existence, as has been done in the Caseworkers' note of 15.7.1935 -

40/ The grounds on which the Registrar holds that the balance sheet of Decr 1933 discloses an unsatisfactory state of affairs are

- i) the non sending of reminders to the members for payment of call amounts in the M. B. Scheme.
- ii) the mention of Rs 4375/- under Capital, though the money is now irrecoverable.
- iii) the non representation of members of the M. B. Scheme in the management of the Company's business -

41/ As regards (i), I do not think the call amounts can be put on the same footing as ~~policy~~ premiums payable in life Assce. Even there there is no legal liability to issue a notice of demand - The Company Law does not provide for issue of any such reminders and ~~the Company~~ Consequently this cannot be said to disclose an unsatisfactory state of affairs. If ^{this} is a defect ~~where~~ it has to be cured by an amendment of the law and not by an investigation under Sec 138.

2/ As regards (ii), what the balance sheet shows is as follows:-

Amount called up:-

533 shares of Rs 50

Per share paid up - 26,650.0.0 .

Less Allotment } 4,375.0.0 .
money in arrears }

22,275.0.0 .

3/ That is, it says, what is in fact the truth, that the total ^{paid} ~~called up~~ capital is Rs 22,275-0-0. It shows in addition that Rs 4,375/- represents allotment money not paid. It does not say that this money is recoverable by action against the defaulters. ~~The~~ But if they pay, there is nothing to prevent the Company from accepting the amount & treating them as share holders. The Company law does not compel a forfeiture being made in such cases. It only gives them a power to forfeit. The non-exercise of the power of forfeiture can hardly be said to ~~be~~ disclose an unsatisfactory state of affairs. If the right is exercised, the only consequence will be that a

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Sum of Rs 4375/- would be released from Capital and may be treated as profits.

43/ As regards the 3rd point, I do not know how under the Company Law as it exists in Mysore, this Company can be compelled to give a right of vote to the members of the M. B. Scheme. It is not the balance sheet that discloses this unsatisfactory state of affairs, but it is the existing law.

If ~~any~~ Mysore has a life insurance law containing the most up to date provisions to remove such defects, it is then that this sort of unsatisfactory state of affairs including ~~that~~ that regarding the evils of the managing agency scheme mentioned by the Registrar, can be remedied. I have carefully gone through all the papers and I recognise that there are some undesirable 'defects' in the Constitution and working of this Company but such defects cannot be rectified by taking action under Sec 138, because they exist on account of the present state of the Company Law in Mysore.

44/ Under these circumstances, I am of

585/pv

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opinion that no case is made ^{out} for the
appointment of ~~an~~ inspector under Sec 138
(ii) And that even supposing ~~that~~
an investigation under the section
is ordered, the defects pointed out cannot
be rectified by such investigation.

Dev Secy)

1802

9/10/35

Reference para 34 supra. The Regr will be
informed accordingly.

12-10-35

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Dev. Secy)

Secy

10/10/35

45) May the above legal opinion be
sent to the Registrar for his
remarks?

For forwarding

11/10

13.10.35

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17/10

17/10

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U.O. No. 849/35

22.10.35

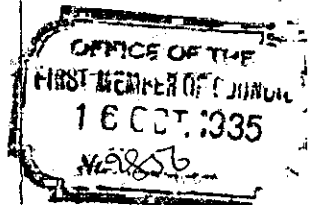
46) Forwarded with compliments to the
Registrar of Joint Stock Companies for favour of
remarks.

By order,

Subbarayappa

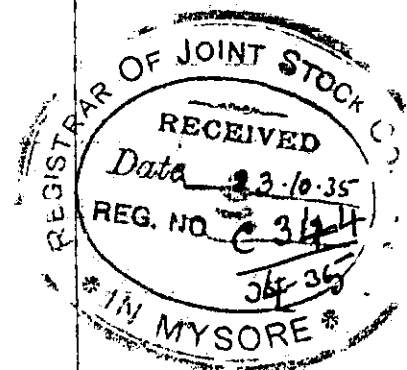
21/10/35

For Dev. Secy to Govt.



Dev. Secy)

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11/10 35

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No. C. 344 / 14.12.35
34-35

Returned, with compliments.

47) 2. I have carefully read the Secretariat Notes in the file, but find nothing therein which would lead me to alter my recorded opinion in the matter.

48) 3. Apart from minor details, the broad facts remain that there have been a number of complaints (not all of them ill-founded) against the Company, particularly against the present Managing Agents. The crux of the question is whether the aggrieved parties should be left to their own devices, such as, Civil Suit etc., or whether public interests, namely, the safeguarding of the position of a large number of ignorant and innocent people, call for an intervention under Section 138(iv) on the part of the Government. I was (and am) of opinion that there is a prima facie case made out for enquiry by a disinterested third party. The Company and the Managing Agents should have nothing to fear from such an enquiry. If, as a result of the examination, no serious defects are revealed, they will have the satisfaction of having public confidence restored in the Company.

49) 4. I invite kind attention to the facts and consideration set out in my two letters dated 10th May 1935 and 26th/27th June 1935. I have nothing to add thereto.

50. In this connection, I may mention a point which

came

- 2 -

to my notice some time back. In a recent issue of an English Weekly, on Company and Incometax matters, - called "Truth", I find the statement made that "The Board of Trade (which is a Department of Government) investigates the accounts and Balance Sheets of all Insurance Companies, in England." What is proposed by me is more modest, viz., investigation in a particular case where there are complaints or other special reasons for close scrutiny.

- (51) 5. In case Government agree in this view, an examination of the affairs of the Company may be ordered to be made by some qualified and competent officer of the - Comptroller's Office; but I should prefer to have nothing to do with its conduct, as I do not particularly care to take up the role of a 'complainant' in the matter. It is seen from the file that, even after I sent up my second report dated 26th/27th June 1935, there have been complaints made to the Dewan and to the First Member of - Council against the management of the Company.

D. Srinivas Nayyar.

REGISTRAR

OF JOINT STOCK COMPANIES IN MYSORE.

SL.
13/12.

682

(52) Filed for orders. The Registrar desires that an investigation into the affairs of the Company should be made by Govt.

Investigation into the affairs of
Reliance Assurance Co.

(2)

General and Revenue
Secretariat

File No.

36

of 1934.

[App. F. III-2

Serial
No.

in exercise of the powers in this behalf
vested in them by the Regulation. (Sec.
138 (iv)). And suggests that an officer of the
Comptroller's office may be deputed for the
work. That there are defects in the Company
appears to be recognised, and the question
to be decided is whether the Govt. should
take up the matter. The Registrar
recommends action ~~by Govt.~~

53) The legal opinion is at paras
37 to 44 above & is to the
effect that no case is made
out for the appointment of
an Inspector for investigation.

into the affairs of the Company

54) In the face of the legal opinion, it will not
be possible to convey sanction to the proposals of the
Registrar.

Secy. Secy.)

18/12/35

55) If necessary the point may be raised at
a meeting when the Registrar & the other Secy. members
may be present.

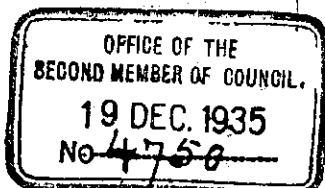
S. S. S. S.

40/11/35
18.12

53) J. S. S. S.
18/12/35

NOTE—Contn Sheet.

WD 03594—GPB—30,000—18-7-35



57) The papers, may be forwarded to the ^{Secy} Insurance ^{Committee} for opinion. Copies of the annual report of the company for 1934 and of the progress report issued in connection with the M. B. scheme (vide para 21 of the prospectus) may be obtained and examined. The broad question is whether the working of this company is ~~beneficial~~ ^{adequate} ~~adequate~~ ^{adequate} to the interests of the persons who have joined the insurance & M. B. schemes.

Nil

23/11/35

58) Draft
23/11/35

Subd with a draft

Calling for a copy of the annual report of the Co. for 1934, and of the progress report issued in connection with the M. B. Scheme

24/11/36.

60) Issue + re-submit
2/1/36

Issued D. 41658 8.1.36.

Serial
No.

61)

Remitted to order with reference to Para 60 at

17/1/36

62) Forwarded, with compliments, to the Secretary,
Insurance Committee for favour of opinion.

By Order,

S. Subbarayappa
For Chief Secy to Govt.

17/1/36

63)

Returned with compliments. The Company has been
doing, since its inception, three kinds of business:

(1) Ordinary Life Insurance, (2) Mutual Benefit Scheme
and (3) Industrial Insurance. Of these, No. (3) has
only been very recently started and nothing can be said
about its working yet. Regarding (1) the following
statement shows the new business done year after year:

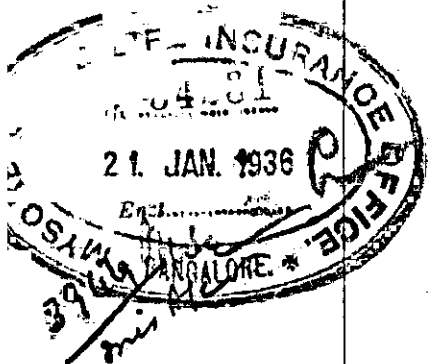
1925	...	104 policies issued
1926	...	66 -do-
1927	...	41 -do-
1928	...	53 -do-
1929	...	24 -do-
1930, 31 & 32.	...	NIL
1933	...	12 -do-
1934	...	90 -do-

64)

At the end of 1933, Mr. Marathey has valued the
accounts of this branch and there does not seem to be
anything defective in it. After all, the business
done is too trivial to raise any big complaint.

65)

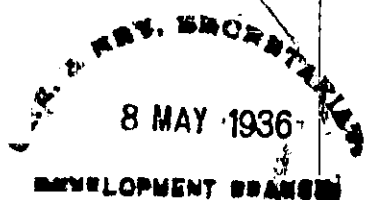
The chief complaint is against the Mutual Benefit
Scheme. This was started in July 1930 and closed for
new entrants in February 1933. The business done



No. 2/850
1 file
7 MAY 1936

Sw
8-5-36

W.



6092
34

- 2 -

done within these 32 months is as under:-

1930.	1,017 certificates	Total number of members	
		at end	1,017
1931.	11,169	"	-do-
1932.	12,250	"	-do-
1933.	1,080	"	-do-
			12,240
			24,499
			9,456

Inherently there is very much against the Mutual Benefit Scheme or the Dividing Insurance Scheme, vide Government Actuary's opinion in Insurance Year Book in the matter.

(b) Apart from this, the rules of the Reliance Assurance Company framed and modified from time to time have placed large powers in the hands of the management which can be used against the members. Some of these are the following:

Rule 8.-Subscription of Re. 1/- should be paid every month by each member. Failure to pay within one month after due date entails forfeiture of all moneys paid and all claims under the Scheme.

Rule 14.-Non-payment of annual fee of Re. 1/-(for postage and other expenses) within two months of notice similarly entails all forfeiture.

Rule 15.-Death and retirement should be intimated within 45 days of occurrence. Failure to do so disentitles the claim to be entertained at all.

These (application of which must have been somewhat stringent) and the two following provisions have enabled the Reserve Fund to grow by leaps and bounds so that at the end of 1934, it stood at Rs. 1,34,316/-:

A(a) Amounts received towards a call after the period of distribution will be appropriated towards the Reserve Fund.

- (b) Also 20% of each death claim and 50% of each retirement claim will be appropriated towards the Reserve Fund.

How actually this large sum is going to be utilised is probably known only to the Management. Rule 11 is rather vague in this particular.

(67) That the rules about forfeiture must have been very stringently applied seems proved from the following:

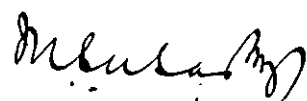
Claims admitted in 1931	were	13
1932		213
1933		448

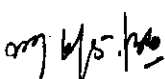
Total up to end of 1933.		674

But the total number of members at end of 1933 fell from 24,499 in the past year to 9,456. The number of ceasure from membership apart from by way of claims must, therefore, have been during 1933 alone 24,499-9,456-448 or 14,595. It would be interesting to know what the number of members was at the end of 1934 and 1935. Possibly those figures will confirm the above presumption more clearly than the 1933 figures do.

(68) The Mutual Benefit Scheme does not, as admitted by the Government Actuary, fall under the scope of the Insurance Act.

(69) If, in the face of the rules and their amendments, it is possible for the rigour of their application to be made less severe, is a point for the Registrar of Joint Stock Companies to consider under Joint Stock Companies' Regulation. There is no doubt that the present method of working of the Company is highly detrimental to the interests of the Mutual Benefit Scheme Members.


FOR SECRETARY,
INSURANCE COMMITTEE.

BSR) 

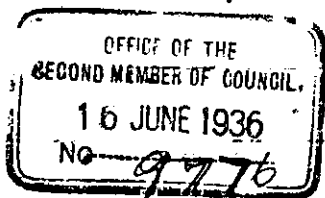
34. *Insurance*
supplement against Reinsurance Co Ltd
 6092. ✓ 3335 ✓
 34

General and Revenue
 Secretariat.

File No.

36. of 1936

[App. F. III-2]



Flag 21.

1913
 5/6

70) The Secy of the M.B.L. is of opinion that the present method of working of the Company is highly irregular detrimental to the interest of the Mutual Benefit scheme members.

71) The Registrar of S. Companies has reported that the progress report issued in connection with the M.B. Scheme has not been sent to his office as the same is not required to be filed under the Regulations. The annual Report of the Company for 1934, is due for perusal submitted into refce to Para. 5 of the

to
 3/6/36

Secy) 4.6.36

Secretary

MW.
 17.6.36
 15/6/36

72) I should like to speak to the Secy Insurance committee

17/6/36

MW.
 17.6.36
 17/6/36

73 A draft D.O. to the Secy is being prepared
 19/6/36
 74 Saturday
 19/6/36

Issued. D. 7756 D. 22. 6. 36.

(75) I think it is best to order an inquiry as recommended by the Regr. of S. companies.

14/8/36

MW.
 14.8.36

Investigation of the affairs of The Reliance Assurance Company

File No.

36

of 1936

General and Revenue
Secretariat

1) Draft L.O. no 1659 for a/c

77) Clean draft

lx.
20.8.36

78) Typing section for a
typed draft please
by
20/8

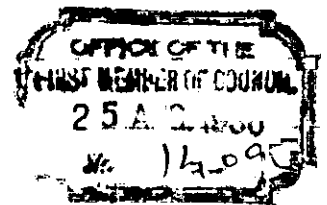
79) Typed draft no 1659

80) L.O. no 1659 lx.
21.8.36

81) Memorandum

lx.
24.8.36

lx.
26.8.36



82) Jor
27/8 lx.
28.8.36

83) Issue

lx.
29.8.36

G.O. No D 1659 dated 1-9-36 directing
that the affairs of the Company be investigated
by an Inspector under the 135 (iv) of the Companies Act
and call for the necessary documents to be submitted.

84) A draft letter returning the record is also

by a/c
lx.
5/9/36

85) Issue

lx.
6.9.36

Issued No D 1833 dated 7-9-36



B
lx.
21/9/36

Letter No C 344/34.35 dated 17-9-36 from
the Rev J.V. Co. regarding the affairs of the Company. H.V.
Wardlaw and Co. and G. Subramaniam and Co. are the

3335J 1497

General and Revenue
Secretariat.

File No.

32

of 193 6

[App. F. III-2

7.5.14-31 (25)
24/9/36

for the post of Inspector the car being used by the
Company

86) The Director has suggested the appointment
of Messrs. H. V. Venkatarama Murthy and
Y. Subramanyam as Inspectors. and has
suggested the car being used by the
Company. Kind reference is invited
to the G.O. dated 23-11-31 re the appt.
of Mr. S. Nageswaraiah as Inspector of the
Shankar Prasad Co under the Companies
Regulation, under similar conditions.

87) The Director while ~~recommending~~ suggesting the
names, has not specified the period
of deputation. Subs for order whether the
Director may be requested to specify the
period of deputation. A copy is sent for
consideration.

To C.E.
24/9/36

88) J.W. Sanyal 25.9.36

89) Some more urgent cases arising from
him or full time. What would be paid
to him. Is it possible for both of them
to undertake it jointly. The employee
might consider only urgent.

11/2/1936 37 26 9/1936

(90) Forwarded with Compliments
to the Comptroller for favour & remarks
20/9/36

20-9-36

2399
25/9

With 14-31 (25)



NOTE-Contn. Sheet.

20-9-36

U.O.No.Spl/19 dated 28th October 1936.

91) *encl. one*
Returned with compliments.

2. I place in the file a copy of D.O.No.C.344 dated 7th October 1936 received By me from the Registrar of Joint Stock Companies in regard to the scope and extent of the investigation. The official of my office who is deputed can only inspect matters relating to accounts and audit and if any verification of the insurance schemes and their effects is considered necessary, a separate inspection by an Actuary may probably be necessary. It is therefore desirable that Government fix the scope and extent of the investigation under Section 138 of the Companies Regulation.

92) 3. As it may not facilitate work if two officers have to inspect the accounts at the same time and an inspection by two officers may not also be necessary in this case, I suggest that one officer Mr.H.V.Venkata^{ya}niengar, M.A., First Grade Superintendent on R 250/- may be appointed as Inspector. He will be instructed to complete the work within a month or two. Considering the special and arduous nature of the investigation work and its duration, the official may be allowed during this period the usual deputation allowance of 1/5 of salary admissible under M.S.R. The cost on this account per month will therefore be R 250/- salary of the official, plus R 50/- his deputation allowance.

A. S. Dhanan
Comptroller.

Serial
No.

93)

The Registrar of Joint Stock Companies has stated in his letter that the accounts of the Company have to be examined from 4-6-1923, and that the work can be completed within about a month if the people sit together from 11 AM to 5 PM daily.

94) The Comptroller states that the person who has been appointed can inspect the accounts & audit and that the Insurance Scheme has to be revised by an Actuary, and is prepared to lend the services of Mr. Venkataramamurthy to the accounts & audit work. The Comptroller requests that a special allowance of Rs 50/- may be given to him in addition to his pay, and requests the definition of the scope and extent of his visitation.

95) If approved the file will be referred unopposed to the Registrar of Joint Stock Companies to set the scope and extent of work under the request and also to furnish the ^{his} terms of the appointment. Comptroller. Ltr for order

19/10/31

96)

What seems to be required in this case is an inspection of the accounts of the Company and an audit of the receipts and expenditure of the Company.

Investigation of the affairs of the Reliance Assurance Company

7
J.S. File No.

36

1497

of 1936

General and Revenue
Secretariat

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No.

since its incorporation in 1923.
No verification of the insurance
schemes or their effects appear
to be necessary at this stage.
The services of an actuary may
not be necessary now.

97) The proposals of the Company
may I think be approved

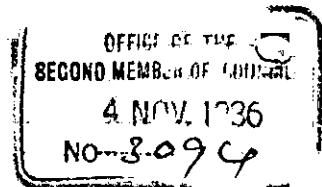
Dr. Secy 29.10.36

3168
29/10

98) Submitted

MW. 30.10.36.

21.10.36.



99) MW 5/11/36

MW 5.11.36

6.11.36

100) Draft G.O. subd for appe.
to Lib
7/11/36

Dr. Secy 7.11.36

101) Depreciate the Registrar's reply
considering whether the dep. order
is suitable.

MW 13.11.36.

334)
9/11

16 NOV. 1936

102) Forwarded with Compliments to
the Registrar Joint Stock Companies for
their opinion & remarks

2020 182748322
11.11.36
with
9 collections etc.

16.11.36
354/34.35

AR. 921

R. S. S. S. S.
in Dr. Secy
14.11.36

1497
Investigation into the affairs of the ^{W.D.}
Mutual Assurance Company Ltd.

General and Revenue
Secretariat

File No.

36

of 193 6

[App. F. III-2]

Serial
No.

No. C. 344/34-35 D/1-12-1936

En one file

Returned, with compliments.

(63) The mere examination of the accounts of the Company by an Inspector may not serve the purpose of the investigation i.e., of allaying public fear re: misappropriation, indiscriminate forfeiture of Policies under the Mutual Benefit Scheme etc. Hence, it is also desirable to get the affairs of the Company investigated by an Actuary with regard to the said scheme (vide paras 65 to 69 of the Unofficial Note containing the opinion of the Secretary, State Life Insurance Committee).

Unofficially.

BANGALORE.

REGISTRAR OF JOINT STOCK

1st December 1936.)

COMPANIES IN MYSORE.

189

(100) The Registrar of S. Companies emphasises the necessity of investigation of the affairs of the Mutual Benefit Scheme also. If the suggestion is to be accepted the Secy to the M. S. L. I. Committee has to be consulted for suggesting the name of an Actuary.

Libro for over

*to C. S.
3/12/36*

(105) *Secy Secy* 6/ 3.12.36

(106) Secy is asked for consideration whether the examination of the acct may not be started and further action taken if necessary on an

3 - DEC. 1936
DEVELOPMENT BRANCH.

of the Reliance Assurance Company Ltd

u
File No.

36

of 193 4

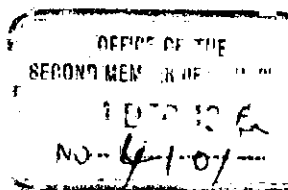
General and Revenue
Secretariat

Serial
No.

interview ref to you him

7

See sent 17 ending



26.

64
21.12.26

(10) The Inspector should be able to report whether the affairs of the Company are satisfactory from an assets point of view and whether there is reason to suspect any fraud. The question of extending the scope of the investigation or of taking any other action may be considered later on

Nil

23/12/26

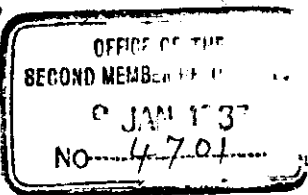
23.12.26

64
23.12.26

Off. S.O. according to order is not probable
4/1/37
5

Dev Secy

64
5.1.37



4714
57

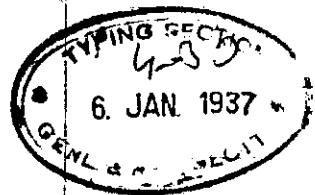
put up typed draft-

64
6.1.37

Typed draft and a draft D.O. letter to the Comptroller and Secy as directed

Dev Secy

64
7.1.37



For approval

See sent 17 ending

Nil

9.1.37

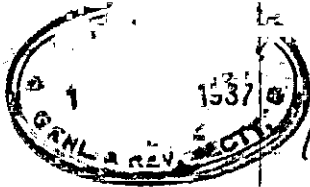
Nil

11/1/37

11.1.37

64
9.1.37

4750
8/1

Serial
No.Issue
12.1.37

11

G.O. No D 4339-40 dated 13-1-37 Same as the
abt of Mr. Venkatarama Kumar as Director
for two months on his pay was a reputation
allowance of 1/5 of his pay the corresponding
from the Company etc

12

Do. Letter No 4341 dated 13-1-37 to the Com
requesting that Mr. Venkatarama Kumar
may be instructed to find out whether there is
any reasonable ground for suspecting the Com
of fraud ^{especially} in the working of the M. Board

to 2 REV. SE
OCT 12 6 JAN. 1937
DEVELOPMENT BRANCH

86-34-1

No. C.344/34-357 Office of the Registrar of Joint Stock
Companies in Mysore,
Bangalore, 10th May 1935. (1)

With 7 Enclosures

From

D. Srinivasa Iyengar, Esq., B.A.,
Registrar of Joint Stock Companies
in Mysore, Bangalore.

To

M. Venkatanaranappa, Esq., B.A.,
Secretary to the Government
of His Highness the Maharaja of Mysore,
Development Department,
Bangalore.

13 MAY 1935
DEVELOPMENT BRANCH

Sir,

I have the honour to state that the Reliance Assurance Co., Ltd., a Company registered in this office under the Mysore Companies Regulation, on the 4th June 1923; as a company limited by shares, filed its latest Balance Sheet as on 31st December 1933 in this office under Section 134 of the said Regulation on 29th August 1934.

2. Some time ago, a complaint was made to me verbally by one Mr. Anjaneya Raju, son of Chitragar Lakshmia, about the company. Mr. K. Narayana Iyengar, Proprietor of the Caxton Press and a member of the company, holder of 20 shares of the company, wrote complaining that he had reason to entertain serious doubts about the proper management of the company, that the Managing Agents, Messrs. Thirupathi Baliya & Co., did not furnish detailed information about certain figures in the last Balance Sheet etc., and generally urging me to take action against the company, under Section 137 of the Mysore Companies Regulation. I inspected the office of the company on 27th November 1934 and generally brought to the notice of the Managing Agents of the company that complaints had reached me, especially about the alleged drastic forfeiture of the Policies of the members of the Mutual Benefit Scheme without adequate grace-time as is done in big Life Assurance Companies such as the Oriental and the Ajmir.

Flag D.

(h. 72)

3. Messrs. Batliboi & Purohit. Incorporated

Bombay, who had audited the accounts of the company for the year 1933, were asked whether the defects alleged by Mr. - Narayana Iyengar or any other defects had been noticed by - them during their audit. Mr. Purohit, one of the partners of the firm, replied that no separate report beyond the usual one was given by the Auditors and that the points raised by Mr. - Narayana Iyengar could be satisfactorily dealt with only by - reference to the Statutory Books of the Company and suggested that the company itself might be addressed in the first instance

Flag E.

4. It was suggested to the Managing Agents that it was desirable to have the company's affairs investigated by an - Inspector appointed by Government, as the investigation would allay the feeling of discontent among the members and would - prove to be of advantage to the company itself. They did not however favour this idea. The company was called upon under Section 137 to furnish information on certain points in the - Balance Sheet (vide copy herein enclosed). From the reply - (letter No. 1273 dated 25th February 1935), it is seen (vide - para (a)) that no reminders are sent to the members for payment of the call amounts and that the system of issuing previous notice has been discontinued, to "save expenditure". Ignorant members are thus liable to lose the money paid by them and to forfeit their membership, as, under the rules, default in paying the monthly calls for two months entails such a result. As stated above, all big Life Insurance Companies remind the Policyholders, most of whom are educated, of the amounts due by them and the date by which they become due. The denial of this privilege to the members of this company, most of them ignorant, is bound to produce hardship in many cases.

Flag F.

Flag G.

Flag H.

Flag L.

(1.72)

Flag M. 5. In the latest Balance Sheet, a sum of Rs. 4,375/- under capital has been shown to be in arrears. This is seen to be due from about 17 shareholders out of the total 52 shareholders of the company. There is no means of recovering it now, as it is barred by limitation. The amount is thus lost to the company. The Directors, especially the two Managing Directors

Flag N.

Directors Messrs. Thirupathi and Baliya must be held to have failed in their duty to take timely and proper action in this respect, which has resulted in this loss to the company. The explanation offered is that the money, if it had been received, would have increased the company's liabilities. But that is a general reason that can be urged against all calls of capital and is hardly convincing. This indulgence, if not laxity, contrasts curiously with the rigorous enforcement of forfeiture of the policies of members alluded to above. Even the Auditors have passed over this matter and have given an unqualified report under Section 145,⁽²⁾ which must be held, to this extent at least, to be misleading.

6. Messrs. Thirupathi, Baliya & Co., consisting of Messrs. K. S. Thirupathi and G. K. Baliya, have been the Managing Agents of the company since its incorporation in the year 1923. The system of Managing Agents ^{seems to} be peculiar to India. They appoint themselves with all but absolute powers at the time of registration of a company either for life or for a large number of years by putting their names in the Memorandum of Association and getting it signed by seven persons (the minimum number required for the registration of a public company) including themselves. It will be impossible even for the shareholders to remove them, as they will be in entire charge of companies and all the books, registers and other records will be in their possession and the administrative machinery and establishment, staff, remain practically under their control. Hence it comes about that often defects even of a serious kind, do not come to light, on which action could and ought to be taken. Further, in companies like the Reliance Assurance, as a dry matter of fact, it is the very large number of members of the Mutual Benefit Scheme who finance the concern with lakhs of rupees. They have no representative to safeguard their interests or to see that the funds are properly utilised. The shareholders contribute far

less funds as compared with these members (in this case Rs. - 22,275/- by the shareholders as against more than Rs.5,40,000/- by the members). The generality of them take only a languid interest in the affairs of the companies and leave the administration to the Directors, who, in turn, pass on the work to the Managing Agents. The Auditors, even though nominally appointed by the shareholders, really owe their employment to the Managing Agents and are generally under obligation to them. Their continued employment from year to year is not a little dependent on the good graces of the Managing Agents. They are thus under a strong temptation to gloss over defects and irregularities. In the present case, I must say that I did not derive any help from the auditors in my enquiry.

7. In these circumstances, there is ground to hold that the Balance Sheet discloses an unsatisfactory state of affairs within the meaning of Section 137(5), Mysore Companies Regulation. Various verbal complaints of other irregularities committed on the part of the Directors, which the Balance Sheet does not reveal, have also been made. The interests of all concerned would seem to be well served if the affairs of the company were got investigated by an Inspector appointed under Section 138. I therefore solicit the orders of Government in the matter.

The enclosures may kindly be returned when done with.

8. I should add in this connection that Mr. Narayana Iyengar had filed a complaint in the City Magistrate's Court, Bangalore, under Section 25 of the Mysore Companies Regulation against the Reliance Company Limited for its default in furnishing him with a copy of the Memorandum and Articles of Association. As I am writing this letter, I see from the Daily Post that the case ended in the conviction of the company under the said Section, the company being fined Rs.10/-

I have the honour to be,
Sir,
Your most obedient servant,

D. Srinivasa Iyengar
REGISTRAR.

SUBJECT.....

Section. JS
 File No. 36-34
 Serial No. 2

Diary No. of letter replied to.....

No.

To

D 7673

The Secy of JS Co

General and Revenue Secretariat.

()

the

193

Sir,

Date of issue

28/5/35

Signed by

H. D. S.

With refce to your letter no

C. 344 / 34-35 of 10.5.35

requesting sanction for appointing
an Inspector for investigating theaffairs of the Reliance Assurance
Co. Ltd., I am directed torequest you to be so good as to
furnish the following for
purpose of reference.

List of enclosures

Copied by

Nov 1/35

Examined by

1) Your note of inspection
of the Co. in Nov. 1934, together with
the Correspondence with the Co.
on the several points raised

thereon

- 2) The memorandum and Articles of Association of the Co.
- 3) The balance sheet of the Company up to the year 1932
- 4) Prospectus containing particulars of the Mutual Benefit Scheme.

It may also be reported to the when and in what circumstances the ^{Mutual Benefit} scheme was permitted to be started and given up. Correspondence in the matter, if any, may also be furnished with your report for reference.

The papers called for above will be returned when due return

I have etc

recd
24/5/35

Geo Lloyd

(24)

GOVERNMENT OF HIS HIGHNESS THE MAHARAJA OF MYSOR.

General and Revenue Secretariat

Dated, Bangalore, 25th May 1935

No.

7673

From

JS 86-84-2

The Secretary to the Government of His Highness the Maharaja of Mysore,
Development Department.

To

The Registrar of Joint Stock Companies in Mysore,
Bangalore.

Sir,

With reference to your letter No.C.344/34-35 dated 10th May 1935 requesting sanction for appointing an Inspector for investigating the affairs of the Reliance Assurance Company Ltd., I am directed to request you to be so good as to furnish the following for purposes of reference.

- (1) Your notes of inspection of the Company in November 1934 together with the correspondence with the Company on the several points raised thereon.
- (2) The memorandum and Articles of Association of the Company.
- (3) The balance sheets of the Company upto the year 1932.
- (4) Prospectus containing particulars of the Mutual Benefit Scheme.

It may also be reported as to when and in what circumstances the Mutual Benefit scheme was permitted to be started and given up. Correspondence in the matter, if any, may also be furnished with your report for reference.

The papers called for above will be returned when done with.

I have the honour to be,
Sir,
Your most obedient servant,

For Secretary to Government,
Development Department.

mk.

36-34-3

No. 344
34-35

Enc. *Eleven only*

Office of the Registrar of Joint Stock
Companies in Mysore,
Bangalore, 28th June 1935.
27

From

D. Srinivasa Iyengar, Esq., B.A.,
Registrar of Joint Stock Companies
in Mysore, Bangalore

To

M. Venkatanaranappa, Esq., B.A.,
Secretary to the Government
of His Highness the Maharaja of Mysore,
Development Department,
Bangalore.

S i r ,

With reference to your letter No. D7673/J.S. 36-
-34-2 dated 28th May 1935, re: the Reliance Assurance Co.
Ltd., I have the honour to forward herewith the following
papers and documents:

(1). Copy of Notes of Inspection of the Office of the
Company held in November 1934. Copies of subsequent -
correspondence have already been sent as enclosures to my
previous letter No. C.344/34-35 dated 10th May 1935.

(2). The Memorandum and Articles of Association of the
Company. --

(3). Eight Balance Sheets of the Company from the year
1925 upto the year 1932.

(4). A printed copy of the Prospectus relating to -
Mutual Benefit Scheme.

2. The Mutual Benefit Scheme was started in the year
1930 and admission to new entrants thereunder closed -
during the year 1932. No permission to start or give up
the Scheme was asked for or given by this office. Nor
has the Registrar any power under the Regulation in this
matter.

3. As I learn that the Managing Directors have -

approached

approached Government with a representation that I am "prejudiced" against them and misled by the agitations of their enemies, it is perhaps as well that I should add here that I am not letting any personal likes and dislikes influence me in the matter and that all that I urge is that there is a prima facie case for enquiry, as there have been complaints against the company from several quarters. If there are no serious irregularities in the management, there is nothing for the company to be afraid of at the prospect of such an investigation and - that their reputation will emerge all the brighter after an examination of their affairs by a disinterested third party. In companies, such as the Oriental, it is usual to have the accounts audited by two separate sets of - auditors. Thus, there will be the auditors representing the shareholders and those representing the policyholders. In the case of this company, there does not seem to have been any such independent audits from different standpoints.

4. I may also remind you that there were complaints in the past also against the company--vide correspondence ending with this office letter No.C.214 dated 11th September 1933--of one Mr. Chowdiah of Davangere (D1382 dated 15th - September 1933 from the Development Secretary) and Mr. Annayappa of Chikballapur (D4241 dated 27th February 1934, also from the Development Secretary to this office).

I have the honour to be,

Sir,

Your most obedient servant,

D. Srinivasa Iyengar.

SL.
26/6.

REGISTRAR.

2/2

36-34-4

895-235
p 235

OFFICE OF THE DEWAN OF MYSORE.

Order

GEN. & REV. SECRETARIAT
647
10 AUG 1935
REVENUE DEPT. - MYSORE

1935

6092

File 25/7/35

SECRETARY
9 AUG 1935
20

pr 9/8

No. 323
Name of Petitioner M. S. Basappa
others
Village Bangalore city.
Taluk do
District do
Date of Petition -
Date of Receipt 7.8.35
No. of Enclosures nil

ABSTRACT.

General Secretary
with compliments
S.O.

Clusson

87
PRIVATE SECRETARY.
TO THE DEWAN OF MYSORE

Dwt. B. we

10/8/35

The file on the subject has
been sent to the Law Dept with
J. No 6092 on 25/7/35. May this
be sent in continuation?

yes
15/8/35

Law Secy
WC
KOP
16/8

main file is in the Asst Secy's file.

29/8/35

Make certain allegations
against Mr. Dinapati
& Mr. Ganesa Rao
of The Reliance Insurance
Company, Bangalore,
stating that they have
deceived a number
of poor men & women
who happened to
be members of the
Company under
The Mutual Benefit
Scheme, and request
that an enquiry
may be made
in the matter.
Submitted
18/8
7/8

(37) May the scheme of the file be awarded?

17/8

Y. K. P.
17/8

Sub B
for week
17/8
27/8
DEVELOPMENT BRANCH

12

SUBJECT.....

.....

.....

Section *J.S.*
File No. *36-34*
Serial No. *5*

Diary No. of letter replied to.....

No. *D 4165*

To

The Registrar of J.S. Co.
En.

General and Revenue Secretariat
()
the 193 .

Date of issue..... *8.1.36.*

Signed by *M. D.C.S.*

With refce to the Correspondence
ending with your U.O. note
No *C 344* of *14.12.35*
34-35 ^{affairs of the}
on the subject of the ^{Reliance}
Assurance Company, I am
directed to request you to be
so good as to forward copies
of the annual report of the
Company for 1934 and of
the Progress Report issued
in connection with the
H.B. Scheme (vide para 2d
of the Proceedings).

List of enclosures.....

Copied by

Examined by.....

Inance
21/1/36
L. K. Singh

GOVERNMENT OF HIS HIGHNESS THE MAHARAJA OF MYSORE

General and Revenue Secretariat

Dated, Bangalore, 9th January 1936

4165.
S. 36-34

The Secretary to the Government of His Highness the Maharaja of Mysore,
Development Department.

The Registrar of Joint Stock Companies
in Mysore.

With reference to the correspondence ending with Un-official note No.C. 344/34-35 dated 14th December on the subject of the affairs of the Reliance Assurance Company, I am directed to request you to be so good forward copies of the annual report of the Company 1934 and of the progress report issued in connection with the M.B. Scheme. (vide para 21 of the Prospectus).

I have the honour to be,
Sir,
Your most obedient servant,

For Secretary to Government,
Development Department.

No.

C 344

34-35

encl. one.

OFFICE OF THE REGISTRAR OF
JOINT STOCK COMPANIES IN MYSORE,

Bangalore, dated 20th January 1936.

From

D. Srinivasa Iyengar, Esq., B.A.,
THE REGISTRAR OF JOINT STOCK COMPANIES
IN MYSORE.

To

M. Venkatanaranappa, Esq., B.A.,
Secretary to the Government
of His Highness the Maharaja of Mysore,
Development Department,
Bangalore.

Sir,

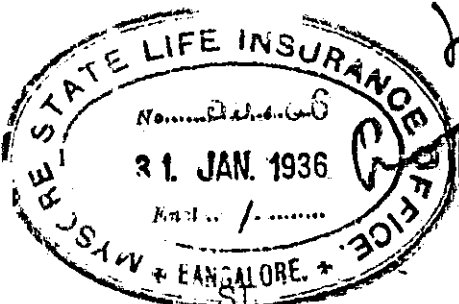
With reference to your letter No.D4165/J.S.36-34 dated 8th January 1936, calling for certain documents relating to the Reliance Assurance Co., I have the honour to forward herewith a copy of the Annual Report of the Company for 1934. No Progress Report issued in connection with the Mutual Benefit Scheme (referred to in para 21 of the Prospectus) has been sent to this office, as the same is not required to be filed, according to the Regulation.

I have the honour to be,

Sir,

Your most obedient servant,

P. Chikannur
Assistant Commissioner
For REGISTRAR.
(absent from station).



16/1.

The main file has been forwarded to Secy. Life Insurance Committee on 17/1/36. If appo its return will be awaited. Sub

Forwarded, with compliments, to the Secretary,
State Life Insurance Committee in continuation.

By Order,

Subbarayappa
For Secy. Govt.

16 No 157
1935 36

30/1/36

SUBJECT.....

Section

File No. *46-34*

Serial No.

Diary No. of letter replied to.....

No. *7756*

Dear Sir

General and Revenue Secretariat

()
the 193 .Date of issue.....*22/6/36*Signed by *M. V. P. M.*

Referring to your office. G.O.
No. 21850 dated the 6th May 1936
re Reliance Assurance Co Ltd. I

am desired to ^{state that} ~~request you to kindly~~
~~state to the~~ ^{desires to discuss the matter} ~~seems necessary of~~
~~business in the matter at your~~
~~writing you to request that you will be~~
~~contacted by him in his chambers~~
~~be so good as to meet him~~
~~and to discuss the same~~

Yours sincerely

22/6/36

To G. Harshavadas Esq. B.A. B.L.
Deputy Secretary

M. J. & J. Committee

List of enclosures.....

Copied by *22/6/36*

Examined by.....

D. 7756.

22nd June

6.

Dear Sir,

Adverting to your Office U.O.No.21850 dated the 6th May 1936 regarding Reliance Assurance Company Ltd., I am desired to state that the Second Member of Council desires to discuss the matter with you and to request that you may be so good as to meet him in his Chambers early.

Yours sincerely,



G. Madhava Rao, Esq., B.A., B.L.,
Deputy Secretary, Mysore State Life Insurance Committee.
B A N G A L O R E.

G.S. 36-34-10a

R e a d :-

Correspondence ending with letter No.C.344/34-35 dated the 20th January 1936 from the "Registrar of Joint Stock Companies in Mysore" reporting that the Reliance Assurance Company, Ltd., is a company registered under the Mysore Companies' Regulation of 1913 doing business in Life Assurance and Mutual Benefit Insurance, that, on receipt of complaints, specially about the drastic forfeiture of the policies of the members of the Mutual Benefit Scheme without giving adequate grace time, he inspected the office ^{of} ~~and~~ the Company on 27th November 1934 and suggested to the Managing Agents the desirability of having the affairs of the Company duly investigated by an Inspector appointed by Government with a view to allay the feelings ^{of} and discontent among the members, that, as his suggestion was not well received he called upon the Company to furnish information on certain points in the Balance Sheet under Section 137 of the Mysore Companies' Regulation and ^{that} from the replies received and other facts gathered during the inspection he had grounds to hold that the Balance Sheet disclosed an unsatisfactory state of affairs within the meaning of Section 137(5) of the Regulation and recommending the appointment of an Inspector under S. 138 of the Regulation to investigate into the affairs of the said Company.

Order No.D. 1659-62

Dated, Bangalore, 1/9/1936

In the circumstances explained
Government consider it best to order an
enquiry and accordingly direct that the
affairs of the Company referred to above
be investigated by an Inspector ~~of~~
Inspectors under the Provisions of Sec-
tion 138(iv) of the Mysore Companies'
Regulation.

The Registrar is requested to report
very early the name or names of inspectors
proposed to be appointed for the ~~urgency~~ ^{enquiry}.

To Secretary to Government,
Development Department.
21.8.21

The Registrar of Joint Stock Companies
The Comptroller to the Government of
Mysore.

Copy to the Protection Branch.

He

PROCEEDINGS OF THE GOVERNMENT OF HIS HIGHNESS

THE MAHARAJA OF MYSORE.

-----O:-----

Correspondence ending with letter No. C. 344/34-35 dated the 20th January 1936 from the Registrar of Joint Stock Companies in Mysore reporting that the Reliance Assurance Company, Limited, is a company registered under the Mysore Companies' Regulation of 1913 doing business in Life Assurance and Mutual Benefit Insurance, that, on receipt of complaints, specially about the drastic forfeiture of the policies of the members of the Mutual Benefit Scheme without giving adequate grace time, he inspected the office of the Company on 27th November 1934 and suggested to the Managing Agents the desirability of having the affairs of the Company duly investigated by an Inspector appointed by Government with a view to allay the feelings of discontent among the members, that, as his suggestion was not well received he called upon the Company to furnish information on certain points in the Balance Sheet under Section 137 of the 'Mysore Companies' Regulation and that from the replies received and other facts gathered during the inspection he had grounds to hold that the Balance Sheet disclosed an unsatisfactory state of affairs within the meaning of Section 137 (5) of the Regulation and recommending the appointment of an Inspector under Section 138 of the Regulation and to investigate into the affairs of the said Company.

Order No. D. 1659-60 / 1935 36-24 -
18th Dec 1935
Dated, Bangalore, 31st August 1936.

In the circumstances explained, Government consider it best to order an enquiry and accordingly direct that the affairs of the Company referred to above be investigated by an Inspector or Inspectors under the Provisions of Section 138 (iv) of the Mysore Companies Regulation.

The Registrar is requested to report very early the name or names of Inspectors proposed to be appointed for the enquiry.

H. S. S. S. S. S.
For Secretary to Government,
Development Department

To

- The Registrar of Joint Stock Companies in Mysore,
The Comptroller to Government.

SUBJECT.....

.....

.....

Section *J.S*
File No. *36-34*
Serial No. ~~*106*~~, *106*

Diary No. of letter replied to.....

No. *D. 1833/Ennes Records*

To

*The Register of Joint Stock
Companies in Mysore*

General and Revenue Secretariat

()
the 193 .

Sir

Date of issue..... *7.9.36*

*In continuation of G.O No.D 1659
60/J.S 36-34 dated 1-9-36 I am
directed to forward herewith the
records relative to the Reliance
Assurance Company Ltd., as detailed
in the annexure and request the
favor of an acknowledgment*

Signed by *M. K. S. Rao*

I have etc

*6.9.36
for Div Secy*

List of enclosures.....

Copied by

Examined by.....

GOVERNMENT OF HIS HIGHNESS THE MAHARAJA OF MYSORE

General and Revenue Secretariat

Dated, Bangalore, 7th Sep 1936.

No. D. 1833 / Encl. Records

From

The Secretary to the Government of His Highness the Maharaja of Mysore,
Development Department.

To

The Registrar of Joint Stock Companies
in Mysore, Bangalore.

Sir,

In continuation of G.O. No.D.1609-60/J.S. 36-3 dated 1st September 1936, I am directed to forward herewith the records relating to the Reliance Assurance Company, Ltd., as detailed in the annexure and to request the favour of an acknowledgment.

I have the honour to be,
Sir,
Your most obedient servant,

 
Secretary to Government,
Development Department.

Aga/2.

Reliance Assurance Co Ltd.

- 1) Letter of 12-11-34 from Mr K. Narayana Iyer with
enclosure -
- 2) Letter dated 31-1-36 from Messrs. Bhatlior & Co. Bombay
- 3) Copy of letter of 12/12/34 from the Rev. J. S. to the Reliance Co Ltd
- 4) Letter of 15/12/34 from the Reliance Co Ltd to the Rev. J. S.
with two enclos.
- 5) Copy of letter 7/1/35 from the Rev. J. S. to the Reliance Co
- 6) Letter of 25/1/35 from the Reliance Co Ltd to the
Rev. J. S. Co
- 7) Inspection Note of the Reliance Co by the Rev. J. S. Co
- 8) A copy of the Prospectus of the Reliance Mutual Benefit
Scheme Sept 1931
- 9) First annual report of the Reliance Co for the period end
31-12-25
- 10) II " 31-12-26
- 11) III " 31-12-27
- 12) IV " 31-12-28
- 13) V " 31-12-29
- 14) VI " 31-12-30
- 15) VII " 31-12-31
- 16) VIII " 31-12-32
- 17) IX " 31-12-33
- 18) X " 31-12-34
- 19) A copy of the Memorandum & Articles of Association
of the Reliance Company

1/2
5/9/38

No. C.344/34-35

OFFICE OF THE REGISTRAR OF
JOINT STOCK COMPANIES IN MYSORE,

Bangalore, dated...15th...September 1936

From

S. Abdul Wajid, Esq., B.A.,
THE REGISTRAR OF JOINT STOCK COMPANIES
IN MYSORE

21 SEP. 1936

To

M. Venkatanaranappa, Esq., B.A.,
Secretary to the Government
of His Highness the Maharaja of Mysore,
Development Department,
Bangalore.

SIR,

With reference to Government Order No.D1659-60/J.S.36-34

dated 1st September 1936 in re: the investigation of the af-
fairs of the Reliance Assurance Co., Ltd., Bangalore City, I
have the honour to state that the Comptroller to Government,
whom I consulted in the matter, has suggested the names of -
the marginally noted two officers who could be entrusted with

the work.

- 1). Mr. Y. Subramanyam, M.A.,
Assistant Comptroller.
- 2). Mr. H. V. Venkatarama Iyengar, M.A.,
Ag. Assistant Comptroller.

As the work
involved is very
heavy and compli-
cated, I recom-

mend that both the officers suggested by the Comptroller may
be appointed as Inspectors, so that the work can be completed
early.

2. The cost of the enquiry may be ordered to be met by the
Company (vide Section 141(3), Mysore Companies Regulation).

I have the honour to be,
Sir,
Your most obedient servant,

S. Abdul Wajid

REGISTRAR.

SL.15/9.

Copy of D.O. letter No.C.344/34-35 dated 8th October 1936, from the Registrar of Joint Stock Companies in Mysore, to the Comptroller to the Government of Mysore, Bangalore.

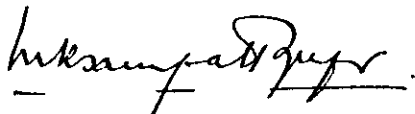
=====

With reference to your D.O. letter No.449/Es dated 3rd October 1936, regarding the appointment of an Inspector or Inspectors for investigating the affairs of the Reliance Assurance Co. Ltd., I write to state that a reference has been made to Government proposing that the two officers of your department referred to in your D.O. dated 11th September 1936 may be appointed as Inspectors.

The work can be completed in about a month if both of them work, say from 11 A.M. to 5 P.M. daily.

As regards the third para of your letter, the accounts of the Company have to be examined since its incorporation i.e., from 4th June 1923.

=====



Superintendent,
Comptroller's Office.

PROCEEDINGS OF THE GOVERNMENT OF H.H.
THE MAHARAJA OF MYSORE.

READ:-

G.O.No.D.1659-60/J.3.36-34

dated the 1-9-1936 directing that the affairs of the Reliance Assurance Company Limited, be investigated by an Inspector or Inspectors under the provision of Section 138(iv) of the Mysore Companies Regulation and calling for proposals from the Registrar of Joint Stock Companies in regard to the Inspectors to be appointed for the purpose.

Letter No.C.344/34-35 dated the 17th September 1936 from the Registrar of Joint Stock Companies in Mysore, recommending that the Assistant Comptrollers Messrs.Y.Subramanyam and H.V.Venkatarama Iyengar, ~~==, Acting Assistant Comptroller~~ may both be appointed as Inspectors for the purpose referred to in the Government Order read above, the cost of ^{the} enquiry ~~and~~ being charged to, and recovered from, the Company under Section 141(3) of the Mysore Companies Regulation.

U.O.Note.Spl.19 dated 26-10-36 from the Comptroller to Government recommending that Mr.H.V.Venkatarama Iyengar ^{M.A} First Grade Superintendent of his office *(run offg as Asst Comptroller)* may be appointed for a month or two as Inspector on his grade pay of Rs.250/- with a deputation allowance of Rs.50/- per mensem, and adding that the latter can only inspect matters relating to accounts and audit and that if any verification of the insurance schemes of the Company and their effects is considered necessary

a separate Inspection by an Actuary may become necessary.

"O.Note C.344/34-35 dated 1-12-36 from the Registrar of Joint Stock Companies stating that, ~~as~~ the mere examination of the accounts of the company by an Inspector may not serve the object of the investigation i.e., of allaying public fear regarding misappropriation, indiscriminate forfeiture of policies under the Mutual Benefit Scheme etc., and that it is also desirable to get the affairs of the company investigated by an Actuary with regard to the said scheme.

ORDER NO: D 4339-40/ J.S ³⁶⁻³⁴⁻¹¹ ~~14-3~~

Dated, Bangalore, the 13-1-37

Government are pleased to sanction the appointment of Mr.H.V. Venkatarama Iyengar, M.A., Acting Assistant Comptroller Bangalore, as an Inspector under Section 138 of the Mysore Companies Regulation to examine the accounts and audit the receipts and expenditure of the Reliance Assurance Company, Ltd., since its incorporation in 1923, and to report whether the affairs of the Company are satisfactory for the accounts and audit points of view. The deputation will be for a period of two months during which period he will be granted in addition to his pay a deputation allowance of 1/5th of his pay. The cost on the investigation will be recovered from the Company under Section 141(3) of the Mysore Companies Regulation.

The question of extending the scope of the investigation by calling in the help of an actuary or of taking such other action as may be necessary will be considered later on receipt of the report of the Inspector.

MM.

Secretary to Govt.
Development Deptt.

To

The Registrar of J.S.Cos.

" Comptroller to Govt.

Copy to Finl. Br.

S.R.

4/9

PROCEEDINGS OF THE GOVERNMENT OF HIS HIGHNESS

THE MAHARAJA OF MYSORE.

R e a d:-

Government Order No.D.1659-60/J.S. 36-34 dated the 1st September 1936 directing that the affairs of the Reliance Assurance Company Limited, be investigated by an Inspector or Inspectors under the provision of Section 138(iv) of the Mysore Companies Regulation and calling for proposals from the Registrar of Joint Stock Companies in regard to the Inspectors to be appointed for the purpose.

2. Letter No.C.344/34-35 dated the 17th September 1936 from the Registrar of Joint Stock Companies in Mysore, recommending that the Assistant Comptrollers Messrs. Y. Subramanyam and H.V. Venkatarama Iyengar, may both be appointed as Inspectors for the purpose referred to in the Government Order read above, the cost of the enquiry being charged to, and recovered from, the Company under Section 141(3) of the Mysore Companies Regulation.

3. Unofficial Note No.Spl.19 dated 26th October 1936 from the Comptroller to Government recommending that Mr. H.V. Venkatarama Iyengar, M.A., First Grade Superintendent of his Office (now Officiating as Assistant Comptroller) may be appointed for a month or two as Inspector on his grade pay of Rs.250/- with a deputation allowance of Rs.50/- per mensem, and adding that the latter can only inspect matters relating to accounts and audit and that if any verification of the insurance schemes of the Company and their effects is considered necessary a separate inspection by an Actuary may become necessary.

4. Unofficial Note No.C.344/34-35 dated 1st December 1936 from the Registrar of Joint Stock Companies stating that, the mere examination of the accounts of the company by an Inspector may not serve the object of the investigation, i.e., of allaying public fear regarding misappropriation, indiscriminate forfeiture of policies under the Mutual Benefit Scheme, etc., and that it is also desirable to get the affairs of the company investigated by an Actuary with regard to the said scheme.

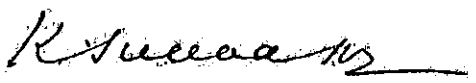
Order No. D4337-40 | J.S 36-34-11

Dated, Bangalore the 12th January 1937

13

Government are pleased to sanction the appointment of Mr. H.V. Venkatarama Iyengar, M.A., Acting Assistant Comptroller, as an Inspector under Section 138 of the Mysore Companies Regulation to examine the accounts and audit the receipts and expenditure of the Reliance Assurance Company Ltd., since its incorporation in 1923, and to report whether the affairs of the Company are satisfactory for the account and audit points of view. The deputation will be for a period of two months ~~xx~~ during which period he will be granted in addition to his pay a deputation allowance of 1/5th of his pay. The cost on the investigation will be recovered from the Company under Section 141(3) of the Mysore Companies Regulation.

The question of extending the scope of the investigation by calling in the help of an Actuary or of taking such other action as may be necessary will be considered later on receipt of the report of the Inspector.


Secretary to Government,
Development Department.

To

The Registrar of Joint Stock Companies.

The Comptroller to the Government of Mysore.

Agg/S.

SUBJECT.....

Section

J. S

File No.

36-34

Serial No.

12

No. D 4341

Diary No. of letter replied to.....

To

The Comptroller to Govt

General and Revenue Secretariat

()
the 193 .

Date of issue..... 13-1-37

Signed by

In continuation of G.O. No
D 4339/ J. S. 36-34 -11 dated
23rd Jan 1937. - Sanctioning
Appointment of Mr. H. V. Venkatesh
Saini Dnyes M. A. A. Asst Com
to inspect the accounts etc of
Reliance Assurance Company
I am desired to request you to
instruct Mr. Venkatesh

To find out, during
the course of the
audit of the accounts
of the Co. whether there
are reasons grounds
for suspecting the
commission of fraud
especially in the working of

~~asked to investigate into the affairs
of the Company and report whether
the affairs of the Company are
unsatisfactory from an A.C. and
audit point of view and also what~~

GOVERNMENT OF HIS HIGHNESS THE MAHARAJA OF MYSORE

CONFIDENTIAL

General and Revenue Secretariat

D. O. No. O. 74341/J.S. 36-34 12

Bangalore, Dated 12th January 1937.
b

Dear Sir,

In continuation of Government Order No. D. 43394/J.S. 36-34-11 dated 12th January 1937, sanctioning the appointment of Mr. H.V. Venkatarama Iyengar, M.A., Acting Assistant Comptroller, to inspect the accounts, etc., of the Reliance Assurance Company, Ltd., I am desired to request you to kindly instruct Mr. Venkatarama Iyengar to find out during the course of the audit and the accounts of the Company whether there are reasonable grounds for suspecting the commission of fraud especially in the working of the Mutual Benefit Scheme and whether the latter was started on the advice of an Actuary.

Yours sincerely,

Sd. M. Venkatanaranappa

A.N. Raghavachar, Esq., M.A.,
Comptroller to Government,
Bangalore.

Memo No. 74342 Dated, Bangalore the 12th January 1937.
13

Copy of the above is forwarded with compliments to the Registrar of Joint Stock Companies, for information.

By Order,

(44) 67
For Secretary to Government,
Development Department.

Aga/2.

CONFIDENTIAL

A. N. RAGAVACHAR, Esq., M.A.,
Comptroller.

OFFICE OF THE COMPTROLLER TO THE
GOVERNMENT OF MYSORE,

D. O. No. 987/Es.

Bangalore, dated 27th Jan. 1937.

My dear Mr. Venkatanaranappa,

I am in receipt of D.O.No.D.4341 - S.36-34-12 of the 12th/13th instant in regard to the points specially to be looked into by Mr. H.V. Venkataramiengar during the course of his examination of the accounts of the Reliance Assurance Co., and have instructed him in the matter.

2. He has been relieved of his duties in my office ~~this day fore-noon~~ and directed to report himself for inspection work to the Registrar of Joint Stock Companies on the 28th instant.

Yours sincerely.

A. N. Ragavachar

To

M. Venkatanaranappa, Esq., B.A.,
Secretary to Government,
Development Departments,
Bangalore.

30 JAN. 1937

DEVELOPMENT BRANCH

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9. S 36-34-14

OFFICE OF THE REGISTRAR OF
JOINT STOCK COMPANIES IN MYSORE,

Bangalore, dated...30th...January..1937

No. C. 344/34-35

From

S. Abdul Wajid, Esq., B.A.,
~~ADDEX~~ REGISTRAR OF JOINT STOCK COMPANIES
IN MYSORE.

To

M. Venkatanaranappa, Esq., B.A.,
~~ADDEX~~ Secretary to the Government
of His Highness the Maharaja of Mysore,
Development Department,
Bangalore.

SIR,

With reference to Government Order No. D4339-40/J.S.
36-34-11 dated 12th/13th January 1937 sanctioning the ap-
pointment of Mr. H. V. Venkataramaengar, M.A., First Grade
Superintendent of the Comptroller's Office, as an Inspector
under Section 138, Mysore Companies Regulation, for investi-
gation of the affairs of the Reliance Assurance Co., Ltd.,
Bangalore City, I have the honour to state that Mr. Venkata-
ramaengar reported himself for duty in this office on 28th
January 1937 (forenoon).

I have the honour to be,

Sir,

Your most obedient servant,

S. Abdul Wajid
REGISTRAR.

Subs for personal with the
previous file.

SL.
30/1.
3/2/37
8 FEB 1937
DEVELOPMENT GRANCE

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